



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE

THE WELLNESS PLAN

NAIC Group Code	1150 <small>(Current Period)</small>	1150 <small>(Prior Period)</small>	NAIC Company Code	95471	Employer's ID Number	38-2008890
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Dental Service Corporation []	
	Vision Service Corporation []		Other []		Health Maintenance Organization [X]	
	Hospital, Medical & Dental Service or Indemnity []		Is HMO, Federally Qualified? Yes [X] No []			
Incorporated	11/08/1972		Commenced Business		02/28/1973	
Statutory Home Office	2875 W. GRAND BLVD. <small>(Street and Number)</small>			DETROIT, MI 48202 <small>(City or Town, State and Zip Code)</small>		
Main Administrative Office	2875 W. GRAND BLVD. <small>(Street and Number)</small>					
	DETROIT, MI 48202 <small>(City or Town, State and Zip Code)</small>			313-875-4200 <small>(Area Code) (Telephone Number)</small>		
Mail Address	2875 W. GRAND BLVD. <small>(Street and Number or P.O. Box)</small>			DETROIT, MI 48202 <small>(City or Town, State and Zip Code)</small>		
Primary Location of Books and Records	2875 W. GRAND BLVD. <small>(Street and Number)</small>					
	DETROIT, MI 48202 <small>(City or Town, State and Zip Code)</small>			313-875-4200-5720 <small>(Area Code) (Telephone Number)</small>		
Internet Website Address	www.wellplan.com					
Statement Contact	Ashok K Parikh Mr. <small>(Name)</small>			313-875-4200-5720 <small>(Area Code) (Telephone Number) (Extension)</small>		
	akparikh@wellplan.com <small>(E-mail Address)</small>			313-874-8277 <small>(FAX Number)</small>		
Policyowner Relations Contact	2875 W. GRAND BLVD. <small>(Street and Number)</small>					
	DETROIT, MI 48202 <small>(City or Town, State and Zip Code)</small>			<small>(Area Code) (Telephone Number) (Extension)</small>		

OFFICERS

President	Isadore Julius King	Secretary	Stanley Reese Kirk
Treasurer	Jimmie Anthony Hearn		

VICE PRESIDENTS

Ashok K Parikh	Stanley Reese Kirk	Alvin Riddle
Samuel Eugene McCargo	Delores Baker Dr.	

DIRECTORS OR TRUSTEES

Kathleen Callahan	Ronald Ahmed Echols	Jimmy Anthony Hearn
Arthur Lee Johnson, Chairman	Gloria Jean Johnson	Helen Benita Love
Bernard Frederick Parker	Ernestine Thomas Pointer	Charles Francis Whitten MD
Carol Ann Williams	John Wisner Williams	Margie Dell Williams
Stanley Reese Kirk	Wynesse Renee Stanford	Cecelia Maria Stevenson
Walter Crawford Watkins	John Thomas Kerr	Sandra Lee King #
Evette Karee Smith #		

State of Michigan } ss
County of Wayne }

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Isadore Julius King President and CEO	Stanley Reese Kirk Secretary	Jimmie Anthony Hearn Treasurer
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Subscribed and sworn to before me this day of 2003	a. Is this an original filing? Yes [X] No [] b. If no 1. State the amendment number 2. Date filed 3. Number of pages attached
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Polly J. Jones
Notary Public Wayne County, MI
August 17, 2003

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds .....	.0		.0	.0
2. Stocks:				
2.1 Preferred stocks .....	.0		.0	.0
2.2 Common stocks	9,828,328		9,828,328	.0
3. Mortgage loans on real estate:				
3.1 First liens .....			.0	.0
3.2 Other than first liens .....			.0	.0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$encumbrances).....	28,422,937		(a) 28,422,937	30,576,717
4.2 Properties held for the production of income (less \$ encumbrances) .....			.0	.0
4.3 Properties held for sale (less \$encumbrances) .....	.0		.0	.0
5. Cash (\$(578,308) , Schedule E - Part 1) and short-term investments (\$1,002,361 , Schedule DA - Part 2)	424,053		424,053	30,133,883
6. Other long-term invested assets	(7,441,674)		(7,441,674)	(7,414,879)
7. Receivable for securities .....			.0	.0
8. Aggregate write-ins for invested assets	1,027,778	486,529	541,249	6,024,547
9. Subtotals, cash and invested assets (Lines 1 to 8)	32,261,422	486,529	31,774,893	59,320,268
10. Accident and health premiums due and unpaid	1,193,364		1,193,364	4,145,199
11. Health care receivables	6,379,385	615,158	5,764,227	3,301,979
12. Amounts recoverable from reinsurers .....			.0	.0
13. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
14. Investment income due and accrued	48,522		48,522	86,508
15. Amounts due from parent, subsidiaries and affiliates	10,145	10,145	.0	10,232
16. Amounts receivable relating to uninsured accident and health plans .....			.0	.0
17. Furniture and equipment	3,899,728		3,899,728	3,890,935
18. Amounts due from agents .....			.0	.0
19. Federal and foreign income tax recoverable and interest thereon (including \$net deferred tax asset) .....			.0	.0
20. Electronic data processing equipment and software	3,274,505		3,274,505	3,446,216
21. Other nonadmitted assets .....			.0	.0
22. Aggregate write-ins for other than invested assets	18,034	18,034	.0	.0
23. Total assets (Lines 9 plus 10 through 22)	47,085,105	1,129,866	45,955,239	74,201,337
DETAILS OF WRITE-INS				
0801. Prepaid Expenses.....	486,529	486,529	.0	792,786
0802. Other Accounts Receivables.....			.0	3,114,220
0803. Prepaid Post Retirement.....	.0		.0	1,346,786
0898. Summary of remaining write-ins for Line 8 from overflow page	541,249	.0	541,249	770,755
0899. Totals (Lines 0801 thru 0803 plus 0898)(Line 8 above)	1,027,778	486,529	541,249	6,024,547
2201. Employee Advances.....	18,034	18,034	.0	.0
2202.				
2203.				
2298. Summary of remaining write-ins for Line 22 from overflow page .....	.0	.0	.0	.0
2299. Totals (Lines 2201 thru 2203 plus 2298)(Line 22 above)	18,034	18,034	0	0

(a) \$14,510,508 health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	30,764,742		30,764,742	47,009,582
2. Accrued medical incentive pool and bonus payments	1,578,750		1,578,750	718,977
3. Unpaid claims adjustment expenses	334,910		334,910	0
4. Aggregate policy reserves	2,350,000		2,350,000	0
5. Aggregate claim reserves			0	0
6. Premiums received in advance	525,956		525,956	3,568,024
7. General expenses due or accrued	5,628,374		5,628,374	2,174,324
8. Federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)			0	0
9. Amounts withheld or retained for the account of others	1,545,342		1,545,342	4,029,141
10. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
11. Amounts due to parent, subsidiaries and affiliates	1		1	1
12. Payable for securities			0	0
13. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
14. Reinsurance in unauthorized companies			0	0
15. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
16. Liability for amounts held under uninsured accident and health plans			0	0
17. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	5,022,940
18 Total liabilities (Lines 1 to 17).....	42,728,075	0	42,728,075	62,522,989
19. Common capital stock	XXX	XXX		0
20 Preferred capital stock	XXX	XXX		0
21. Gross paid in and contributed surplus	XXX	XXX		0
22. Surplus notes	XXX	XXX		0
23. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	5,442,574
24. Unassigned funds (surplus)	XXX	XXX	3,227,164	6,235,774
25. Less treasury stock, at cost:				
25.1 .....shares common (value included in Line 19 \$)	XXX	XXX		0
25.2 .....shares preferred (value included in Line 20 \$)	XXX	XXX		0
26. Total capital and surplus (Lines 19 to 24 Less 25)	XXX	XXX	3,227,164	11,678,348
27. Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	45,955,239	74,201,337
DETAILS OF WRITE-INS				
1701. Deferred Compensation.....			0	758,576
1702. Employee Severance Cost (current).....			0	41,600
1703. Employee Severance cost (net of current).....			0	166,400
1798. Summary of remaining write-ins for Line 17 from overflow page	0	0	0	4,056,364
1799. Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above)	0	0	0	5,022,940
2301. Medical Care Fund.....	XXX	XXX		1,842,574
2302. Reserve Restricted by Board.....	XXX	XXX		3,600,000
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	5,442,574

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	1,530,915	1,596,772
2. Net premium income	XXX	234,207,470	248,328,598
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$757,698 medical expenses)	XXX	(256,741)	215,457
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	190,043	3,034,448
7. Total revenues (Lines 2 to 6)	XXX	234,140,772	251,578,503
Medical and Hospital:			
8. Hospital/medical benefits		142,593,168	191,174,815
9. Other professional services		13,769,640	4,129,127
10. Outside referrals		6,599,902	3,601,290
11. Emergency room and out-of-area		22,917,094	16,742,756
12. Prescription Drugs		31,299,385	
13. Aggregate write-ins for other medical and hospital	0	0	0
14. Incentive pool and withhold adjustments		1,286,851	405,929
15. Subtotal (Lines 8 to 14)	0	218,466,040	216,053,917
Less:			
16. Net reinsurance recoveries			0
17. Total medical and hospital (Lines 15 minus 16)	0	218,466,040	216,053,917
18. Claims adjustment expenses		1,552,928	3,939,139
19. General administrative expenses.....		24,874,177	29,599,001
20. Increase in reserves for accident and health contracts		(1,625,935)	3,975,935
21. Total underwriting deductions (Lines 17 through 20)	0	243,267,210	253,567,992
22. Net underwriting gain or (loss) (Lines 7 minus 21)	XXX	(9,126,438)	(1,989,489)
23. Net investment income earned		989,923	1,798,688
24. Net realized capital gains or (losses)		199,655	227,416
25. Net investment gains or (losses) (Lines 23 + 24)	0	1,189,578	2,026,104
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
27. Aggregate write-ins for other income or expenses	0	0	(397,726)
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)	0	(7,936,860)	(361,111)
29. Federal and foreign income taxes incurred	XXX		0
30. Net income (loss) (Lines 28 minus 29)	XXX	(7,936,860)	(361,111)
DETAILS OF WRITE-INS			
0601. Other Miscellaneous Revenue.....	XXX	190,043	0
0602. COB.....	XXX		428,876
0603. PCS Revenue.....	XXX		2,328,847
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	276,725
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	190,043	3,034,448
1301.			
1302.			
1303.			
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0
2701. Change in Non-Admitted Assets.....			(397,726)
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0	(397,726)

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
31. Capital and surplus prior reporting year	11,678,348	12,039,459
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
32. Net income or (loss) from Line 30	(7,936,860)	(361,111)
33. Change in valuation basis of aggregate policy and claim reserve		0
34. Net unrealized capital gains and losses	144,175	0
35. Change in net unrealized foreign exchange capital gain or (loss)		0
36. Change in net deferred income tax		0
37. Change in nonadmitted assets	(659,990)	0
38. Change in unauthorized reinsurance	0	0
39. Change in treasury stock		0
40. Change in surplus notes	0	0
41. Cumulative effect of changes in accounting principles		0
42. Capital Changes:		
42.1 Paid in		0
42.2 Transferred from surplus (Stock Dividend)		0
42.3 Transferred to surplus		0
43. Surplus adjustments:		
43.1 Paid in		0
43.2 Transferred to capital (Stock Dividend)		0
43.3 Transferred from capital		0
44. Dividends to stockholders		0
45. Aggregate write-ins for gains or (losses) in surplus	1,491	0
46. Net change in capital & surplus (Lines 32 to 45)	(8,451,184)	(361,111)
47. Capital and surplus end of reporting year (Line 31 plus 46)	3,227,164	11,678,348
DETAILS OF WRITE-INS		
4501. Accounting correction resulting from reclassifying an other liability.....	1,491	0
4502.		
4503.		
4598. Summary of remaining write-ins for Line 45 from overflow page	0	0
4599. Totals (Lines 4501 thru 4503 plus 4598) (Line 45 above)	1,491	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums and revenues collected net of reinsurance	233,523,008	247,349,493
2. Claims and claims adjustment expenses	235,069,125	230,188,314
3. General administrative expenses paid	21,420,127	29,675,946
4. Other underwriting income (expenses)	190,043	5,938,022
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(22,776,201)	(6,576,745)
6. Net investment income	1,028,033	1,833,398
7. Other income (expenses)	0	0
8. Federal and foreign income taxes (paid) recovered	0	0
9. Net cash from operations (Lines 5 to 8)	(21,748,168)	(4,743,347)
Cash from Investments		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds	0	0
10.2 Stocks	0	0
10.3 Mortgage loans	0	0
10.4 Real estate	221,831	0
10.5 Other invested assets	0	0
10.6 Net gains or (losses) on cash and short-term investments	0	43,474
10.7 Miscellaneous proceeds	0	0
10.8 Total investment proceeds (Lines 10.1 to 10.7)	221,831	43,474
11. Cost of investments acquired (long-term only):		
11.1 Bonds	0	0
11.2 Stocks	9,827,389	0
11.3 Mortgage loans	0	0
11.4 Real estate	16,095	294,416
11.5 Other invested assets	0	0
11.6 Miscellaneous applications	0	0
11.7 Total investments acquired (Lines 11.1 to 11.6)	9,843,484	294,416
12. Net Cash from investments (Line 10.8 minus Line 11.7)	(9,621,653)	(250,942)
Cash from Financing and Miscellaneous Sources		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in	0	0
13.2 Net transfers from affiliates	0	0
13.3 Borrowed funds received	1,473,606	0
13.4 Other cash provided	1,659,991	5,563,148
13.5 Total (Lines 13.1 to 13.4)	3,133,597	5,563,148
14. Cash applied:		
14.1 Dividends to stockholders paid	0	0
14.2 Net transfers to affiliates	0	0
14.3 Borrowed funds repaid	1,473,606	0
14.4 Other applications	0	0
14.5 Total (Lines 14.1 to 14.4)	1,473,606	0
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	1,659,991	5,563,148
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	(29,709,830)	568,859
17. Cash and short-term investments:		
17.1 Beginning of year	30,133,883	29,565,024
17.2 End of year (Line 16 plus Line 17.1)	424,053	30,133,883

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE THE WELLNESS PLAN

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other
1. Net premium income	234,207,470	25,401,658					1,955,460		206,850,352				
2. Change in unearned premium reserves and reserve for rate credit .....	.0												
3. Fee-for-service (net of \$757,698 medical expenses)	(256,741)	.0											(256,741)
4. Risk revenue.....	.0												
5. Aggregate write-ins for other health care related revenues	190,043	.0	.0	.0	.0	.0	.0	.0	190,043	.0	.0	.0	.0
6. Total revenues (Lines 1 to 5).....	234,140,772	25,401,658	.0	.0	.0	.0	1,955,460	.0	207,040,395	.0	.0	.0	(256,741)
7. Medical/hospital benefits	142,593,168	21,037,891					1,065,855		120,489,422				
8. Other professional services	13,769,640	1,075,446					102,925		12,591,269				
9. Outside referrals	6,599,902	534,391					49,333		6,016,178				
10. Emergency room and out-of-area	22,917,094	2,461,053					171,301		20,284,740				
11. Prescription Drugs	31,299,385	4,365,070					233,957		26,700,358				
12. Aggregate write-ins for other medical and hospital .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Incentive pool and withhold adjustments	1,286,851	257,265					9,618		1,019,968				
14. Subtotal (Lines 7 to 13)	218,466,040	29,731,116	.0	.0	.0	.0	1,632,989	.0	187,101,935	.0	.0	.0	.0
15. Net reinsurance recoveries .....	.0												
16. Total medical and hospital (Lines 14 minus 15)	218,466,040	29,731,116	.0	.0	.0	.0	1,632,989	.0	187,101,935	.0	.0	.0	.0
17. Claims adjustment expenses	1,552,928	245,021					13,458		1,294,449				
18. General administrative expenses	24,874,177	3,747,074					33,738		21,093,365				
19. Increase in reserves for accident and health contracts	(1,625,935)	(1,625,935)											
20. Total underwriting deductions (Lines 16 to 19)	243,267,210	32,097,276	.0	.0	.0	.0	1,680,185	.0	209,489,749	.0	.0	.0	.0
21. Total underwriting gain or (loss) (Line 6 minus Line 20)	(9,126,438)	(6,695,618)	0	0	0	0	275,275	0	(2,449,354)	0	0	0	(256,741)
DETAILS OF WRITE-INS													
0501. Miscellaneous Revenue.....	190,043								190,043				
0502.													
0503.													
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	190,043	0	0	0	0	0	0	0	190,043	0	0	0	0
1201.													
1202.													
1203.													
1298. Summary of remaining write-ins for Line 12 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1299. Totals (Lines 1201 thru 1203 plus 1298) (Line 12 above)	0	0	0	0	0	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (medical and hospital)	25,401,658			25,401,658
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan Premiums	1,955,460			1,955,460
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....	206,850,352			206,850,352
8. Other .....				.0
9. Totals	234,207,470	0	0	234,207,470

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct	233,424,029	35,553,302				2,219,806		195,650,921	
1.2 Reinsurance assumed .....	.0								
1.3 Reinsurance ceded .....	.0								
1.4 Net	233,424,029	35,553,302	.0	.0	.0	2,219,806	.0	195,650,921	.0
2. Paid medical incentive pools and bonuses	427,078	159,593				3,183		264,302	
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	30,764,742	3,433,345	.0	.0	.0	258,424	.0	27,072,973	.0
3.3 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net	30,764,742	3,433,345	.0	.0	.0	258,424	.0	27,072,973	.0
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct .....	.0								
4.2 Reinsurance assumed .....	.0								
4.3 Reinsurance ceded .....	.0								
4.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year	1,578,750	176,188				13,262		1,389,300	
6. Amounts recoverable from reinsurers December 31, current year .....	.0	.0				.0		.0	
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	47,009,582	9,512,796	.0	.0	.0	854,859	.0	36,641,927	.0
7.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7.4 Net	47,009,582	9,512,796	.0	.0	.0	854,859	.0	36,641,927	.0
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
9. Accrued medical incentive pools and bonuses, prior year	718,977	78,516				6,827		633,634	
10. Amounts recoverable from reinsurers December 31, prior year	0								
11. Incurred Benefits:									
11.1 Direct	217,179,189	29,473,851	.0	.0	.0	1,623,371	.0	186,081,967	.0
11.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
11.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0
11.4 Net	217,179,189	29,473,851	0	0	0	1,623,371	0	186,081,967	0
12. Incurred medical incentive pools and bonuses	1,286,851	257,265	0	0	0	9,618	0	1,019,968	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Reported in Process of Adjustment:									
1.1. Direct	8,034,265	951,791				67,988		7,014,486	
1.2. Reinsurance assumed .....	.0								
1.3. Reinsurance ceded .....	.0								
1.4. Net	8,034,265	951,791	.0	.0	.0	67,988	.0	7,014,486	.0
2. Incurred but Unreported:									
2.1. Direct	22,286,601	2,481,554				190,436		19,614,611	
2.2. Reinsurance assumed .....	.0								
2.3. Reinsurance ceded .....	.0								
2.4. Net	22,286,601	2,481,554	.0	.0	.0	190,436	.0	19,614,611	.0
3. Amounts Withheld from Paid Claims and Capitations:									
3.1. Direct	443,876							443,876	
3.2. Reinsurance assumed .....	.0								
3.3. Reinsurance ceded .....	.0								
3.4. Net	443,876	.0	.0	.0	.0	.0	.0	443,876	.0
4. TOTALS:									
4.1. Direct	30,764,742	3,433,345	.0	.0	.0	258,424	.0	27,072,973	.0
4.2. Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3. Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4. Net	30,764,742	3,433,345	0	0	0	258,424	0	27,072,973	0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (medical and hospital)	5,229,738	30,327,065	172,053	3,217,440	5,401,791	9,512,796
2. Medicare Supplement .....					.0	.0
3. Dental Only.....					.0	.0
4. Vision Only.....					.0	.0
5. Federal Employees Health Benefits Plan Premiums	393,636	1,822,669	12,950	246,484	406,586	854,859
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid.....	41,238,080	154,412,841	1,356,689	25,759,126	42,594,769	36,641,927
8. Other .....					.0	.0
9. Subtotal	46,861,454	186,562,575	1,541,692	29,223,050	48,403,146	47,009,582
10. Medical incentive pools, accruals and disbursements	427,078	.0		1,578,750	427,078	718,977
11. Totals	47,288,532	186,562,575	1,541,692	30,801,800	48,830,224	47,728,559

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

Section A - Paid Claims - Hospital and Medical

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	8,010	690	16	28	1
2. 1998	13,550	8,061	511	79	1
3. 1999	XXX	13,749	6,639	471	29
4. 2000	XXX	XXX	16,383	6,772	220
5. 2001	XXX	XXX	XXX	24,056	7,023
6. 2002	XXX	XXX	XXX	XXX	28,282

Section B - Incurred Claims- Hospital and Medical

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	8,275	700	16	28	1
2. 1998	16,599	8,236	583	79	1
3. 1999	XXX	17,858	7,116	471	30
4. 2000	XXX	XXX	22,352	6,771	220
5. 2001	XXX	XXX	XXX	24,056	7,196
6. 2002	XXX	XXX	XXX	XXX	31,543

Section C – Incurred Year Claims and Claims Adjustment Expense Ratio – Hospital and Medical

[illegible]

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

Section A - Paid Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	0	0	0	2	
2. 1998	0	0	0	7	
3. 1999	XXX	0	0	39	2
4. 2000	XXX	XXX	0	508	14
5. 2001	XXX	XXX	XXX	1,270	438
6. 2002	XXX	XXX	XXX	XXX	1,762

Section B - Incurred Claims- Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	0	0	0	2	
2. 1998	0	0	0	7	
3. 1999	XXX	0	0	40	2
4. 2000	XXX	XXX	0	523	14
5. 2001	XXX	XXX	XXX	2,092	451
6. 2002	XXX	XXX	XXX	XXX	2,008

Section C – Incurred Year Claims and Claims Adjustment Expense Ratio – Federal Employees Health Benefits Plan Premium

[illegible]

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

Section A - Paid Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	72,118	5,998	119	224	3
2. 1998	122,009	70,045	3,744	636	6
3. 1999	XXX	119,465	48,688	3,909	162
4. 2000	XXX	XXX	120,143	53,882	1,213
5. 2001	XXX	XXX	XXX	154,056	38,648
6. 2002	XXX	XXX	XXX	XXX	155,619

Section B - Incurred Claims- Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	74,062	6,067	119	224	3
2. 1998	144,368	71,323	4,276	636	5
3. 1999	XXX	149,600	52,188	3,909	162
4. 2000	XXX	XXX	163,918	53,882	1,213
5. 2001	XXX	XXX	XXX	154,056	40,005
6. 2002	XXX	XXX	XXX	XXX	181,335

Section C – Incurred Year Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

[illegible]

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

Section A - Paid Claims- Grand Total

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	80,128	6,688	135	254	4
2. 1998	135,559	78,106	4,255	722	7
3. 1999	XXX	133,214	55,327	4,419	193
4. 2000	XXX	XXX	136,526	61,162	1,447
5. 2001	XXX	XXX	XXX	179,382	46,109
6. 2002	XXX	XXX	XXX	XXX	185,663

Section B - Incurred Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	82,337	6,767	135	254	4
2. 1998	160,967	79,559	4,859	722	6
3. 1999	XXX	167,458	59,304	4,420	194
4. 2000	XXX	XXX	186,270	61,176	1,447
5. 2001	XXX	XXX	XXX	180,204	47,652
6. 2002	XXX	XXX	XXX	XXX	214,886

Section C – Incurred Year Claims and Claims Adjustment Expense Ratio – Grand Total

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
POLICY RESERVE									
1. Unearned premium reserves	(1,625,935)	(1,625,935)							
2. Additional policy reserves (a) .....	.0								
3. Reserve for future contingent benefits .....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income) .....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross)	(1,625,935)	(1,625,935)	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net)(Page 3, Line 4)	(1,625,935)	(1,625,935)	0	0	0	0	0	0	0
CLAIM RESERVE									
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net)(Page 3, Line 5)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administration Expenses	3 Investment Expenses	4 Total
1. Rent (\$ for occupancy of own building).....				.....0
2. Salaries, wages and other benefits.....	1,092,062	9,454,318		10,546,380
3. Commissions (less \$ ceded plus \$ assumed).....		918,050		918,050
4. Legal fees and expenses.....	15,000	579,710		594,710
5. Certifications and accreditation fees.....				.....0
6. Auditing, actuarial and other consulting services.....	50,000	2,316,409		2,366,409
7. Traveling expenses.....		293,944		293,944
8. Marketing and advertising.....		716,723		716,723
9. Postage, express and telephone.....	10,000	1,369,270		1,379,270
10. Printing and office supplies.....		1,469,403		1,469,403
11. Occupancy, depreciation and amortization.....	100,000	2,842,859		2,942,859
12. Equipment.....		190,354		190,354
13. Cost or depreciation of EDP equipment and software.....	60,000	2,031,667		2,091,667
14. Outsourced services including EDP, claims, and other services.....	155,293	715,489		870,782
15. Boards, bureaus and association fees.....		343,737		343,737
16. Insurance, except on real estate.....		253,354		253,354
17. Collection and bank service charges.....			.....0	.....0
18. Group service and administration fees.....				.....0
19. Reimbursements by uninsured accident and health plans.....				.....0
20. Reimbursements from fiscal intermediaries.....				.....0
21. Real estate expenses.....				.....0
22. Real estate taxes.....		31,560		31,560
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes.....				.....0
23.2 State premium taxes.....				.....0
23.3 Regulatory authority licenses and fees.....		92,991		92,991
23.4 Payroll taxes.....	70,573	612,133		682,706
23.5 Other (excluding federal income and real estate taxes).....				.....0
24. Investment expenses not included elsewhere.....			238,049	238,049
25. Aggregate write-ins for expenses.....	0	642,206	0	642,206
26. Total expenses incurred (Lines 1 to 25).....	1,552,928	24,874,177	238,049	(a) .....26,665,154
27. Add expenses unpaid December 31, prior year.....		2,174,324		2,174,324
28. Less expenses unpaid December 31, current year.....	334,910	5,628,374		5,963,284
29. Amounts receivable related to uninsured accident and health plans, prior year.....				.....0
30. Amounts receivable related to uninsured accident and health plans, current year.....				.....0
31. Total expenses paid (Lines 26 + 27 - 28 - 29 + 30)	1,218,018	21,420,127	238,049	22,876,194
DETAIL OF WRITE-INS				
2501. Board of Trustees Expenses.....		149,210		149,210
2502. Special Projects.....	.....0	243,489		243,489
2503. Miscellaneous.....	.....0	249,507		249,507
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.....0	.....0	.....0	.....0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	0	642,206	0	642,206

(a) Includes management fees of \$to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) .....	.....
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....	.....
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....587,111	.....587,111
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5.	Contract loans .....	.....	.....
6.	Cash/short-term investments	(e) .....	.....
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....447,552	.....447,552
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	1,228,096	.....1,228,096
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total (Lines 11 through 15) .....		.....238,049
17.	Net Investment Income - (Line 10 minus Line 16)		990,047
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....0	.....0
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		.....0

(a) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds .....					.....0
1.1	Bonds exempt from U.S. tax .....					.....0
1.2	Other bonds (unaffiliated) .....					.....0
1.3	Bonds of affiliates .....					.....0
2.1	Preferred stocks (unaffiliated) .....					.....0
2.11	Preferred stocks of affiliates .....					.....0
2.2	Common stocks (unaffiliated) .....	.....82,709		.....85,088		.....167,797
2.21	Common stocks of affiliates .....					.....0
3.	Mortgage loans .....					.....0
4.	Real estate .....	.....101,739				.....101,739
5.	Contract loans .....					.....0
6.	Cash/Short-term investments .....					.....0
7.	Derivative instruments .....					.....0
8.	Other invested assets .....			.....59,086		.....59,086
9.	Aggregate write-ins for capital gains (losses) .....	.....15,207	.....0	.....0	.....0	.....15,207
10.	Total capital gains (losses)	199,655	0	144,174	0	343,829
DETAILS OF WRITE-INS						
0901.	Gain on sale of fixed assets .....	.....15,207				.....15,207
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	15,207	0	0	0	15,207

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 10 to 13 and 15 to 20, Column 2 .....	.625,303	.277,670	(347,633)
2. Other Non-Admitted Assets:			
2.1 Bills receivable.....		.0	.0
2.2 Leasehold improvements.....		.0	.0
2.3 Cash advanced to or in hands of officers and agents.....		.0	.0
2.4 Loans on personal security, endorsed or not.....			.0
2.5 Commuted commissions.....			.0
3. Total (Lines 2.1 to 2.5) .....	.0	.0	.0
4. Aggregate write-ins for other assets.....	.504,563	.192,206	(312,357)
5. Total (Line 1 plus Lines 3 and Line 4)	1,129,866	469,876	(659,990)
0401. Prepaid Expenses.....	.486,529	.192,206	(294,323)
0402. Employee Advances.....	.18,034	.0	(18,034)
0403.			
0498. Summary of remaining write-ins for Line 4 from overflow page .....	.0	.0	.0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	504,563	192,206	(312,357)

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	134,548	134,017	129,212	121,441	118,685	1,530,915
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	134,548	134,017	129,212	121,441	118,685	1,530,915
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The financial statements of The Wellness Plan have been completed in accordance with the NAIC Accounting Practices and Procedures manual except to the extent that state law differs. As allowed under generally accepted accounting principles, the Corporation's computer equipment and software are being stated at the net book value (cost less accumulated depreciation). The monetary effect on statutory surplus of using this accounting practice is \$1,506,961.

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities.

Health premiums are recognized as income during the period in which earned. Expenses incurred in connection with acquiring new business, including acquisition costs such as sales commissions, are charged to operations as incurred.

The amounts for cash, cash equivalents, receivables, accounts payable and accrued expenses are stated at fair value due to the short maturity of these items. Short term investments are stated at the fair market value and are based on quoted market prices.

Inventories are stated at the lower of cost or market, determined by the first-in, first-out method.

Property and equipment are stated at cost. Depreciation is determined by the straight-line method over the estimated useful of the respective assets which range from 3 to 30 years.

Revenue is recognized during the month in which coverage for enrolled members is in effect. Advanced premium represents payments received during the month prior to that in which the coverage is in effect.

Medical malpractice claims have been estimated for the ultimate costs and include both reported claims and claims incurred but not reported.

Medical claims liability consists of unpaid medical claims and other obligations resulting from the provision of health care services and include claims reported as of the balance sheet date as well as estimates for claims incurred but not reported.

2. Accounting Changes and Correction of Errors

Not applicable

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments (Mortgage Loans, Debt Restructuring, Reverse Mortgages, Loan-Backed Securities and Repurchase Agreements)

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

7. Investment Income

Not applicable

NOTES TO FINANCIAL STATEMENTS

8. Derivative Instruments

Not applicable

9. Income Taxes

The corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made.

10. Information Concerning Parent, Subsidiaries and Affiliates

Wellcorp, Inc.: The reported value of this subsidiary is \$10,145 at December 31, 2002 and is treated as a non-admitted asset for statutory reporting purposes.

WellChoice: The reported value of this subsidiary is \$-0- at December 31, 2002.

11. Debt

Not applicable

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Money-Purchase Pension Plan: Corporation employees are covered by a qualified defined contribution pension plan sponsored by The Wellness Plan. Contributions of six percent (6%) of each employee's compensation are made each year. The corporation's contribution to the plan was \$970,520 and \$1,164,198 for 2002 and 2001, respectively. At December 31, 2002, the fair value of plan assets was \$12,549,535.

Deferred Compensation Plan: The Corporation has a non-qualified deferred compensation plan covering several key employees. Plan assets at December 31, 2002 and 2001 total \$507,543 and \$770,755, respectively, and consist of equity and bond mutual funds and a fixed annuity account.

Employees' Retirement Health Care Plan: This plan replaces the defined benefit postretirement health care plan, which was terminated in July 2001, and covers 17 retired employees who were receiving benefits under the old plan. At December 31, 2002 and 2001, the plan assets totaled \$1,654,873 and \$1,842,574 respectively, and consist of equity and bond mutual funds and cash equivalents.

13. Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations

Not applicable

14. Contingencies

Litigation: Various lawsuits are filed against the Corporation for incidents which arise in the ordinary course of business. In the opinion of the Corporation's management, the outcome of the lawsuits will not have a material adverse effect on the financial position of the Corporation.

Malpractice Self-Insurance: The Corporation has a self-insurance program in effect which provides for limits of \$3,000,000 per claim. In conjunction with this program, the Corporation purchased insurance policies to provide for claims in excess of \$3,000,000 up to a maximum of \$10,000,000.

Contingencies, Continued

NOTES TO FINANCIAL STATEMENTS

WellChoice: The Texas Department of Insurance placed the Corporation’s subsidiary, WellChoice, into temporary receivership in February 1999. In June 2000, the Texas Department of Insurance filed a claim against the Corporation to recover the outstanding liabilities of WellChoice. Management believes that any obligation the Corporation may incur on behalf of WellChoice would not have a material adverse effect on the consolidated financial position of the Corporation.

15. Leases

The Corporation has operating leases for various office facilities in Michigan. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year at December 31, 2002.

2003	\$ 543,116
2004	499,932
2005	54,000
2006	54,000
2007	<u>54,000</u>
Total minimum payments required	\$ 1,205,048

Then total rental expense for all operating leases amount to \$587,066 and \$626,575 for the years ended December 31, 2002 and 2001, respectively.

16. Information about Financial Instruments With Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

Not applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable

20. Other Items

Health Care Receivables – The Corporation only accrues the pharmaceutical rebates from Advanced PCS based on the actual information received from the vendor for two of the three quarterly reporting periods, while the most recent reporting period is estimated based on a percentage of paid claims. Rebates arising from other vendors are recorded as income when received. The table below shows for each quarter for the last three years, the estimated balance of pharmacy rebate receivable as reported on the financial statements, pharmacy rebates as billed or otherwise confirmed and the pharmacy rebate received.

Other Items: Health Care Receivables Continued

Estimated balance

NOTES TO FINANCIAL STATEMENTS

	of receivables as reported	Pharmacy rebates as billed/confirmed	Pharmacy rebates received
3/31/2000	399,053	240,000	233,747
6/30/2000	159,053	240,000	240,000
9/30/2000	129,602	210,549	240,000
12/31/2000	175,753	256,700	210,549
3/31/2001	159,053	240,000	256,700
6/30/2001	864,528	945,475	240,000
9/30/2001	820,158	277,134	321,504
12/31/2001	980,022	454,144	281,785
3/31/2002	885,148	240,229	335,103
6/30/2002	826,883	245,991	304,256
9/30/2002	720,000	349,192	487,610
12/31/2002	827,095	263,554	235,107

Premium Deficiency Reserves: As of December 31, 2002, the Corporation had liabilities of \$2,350,000 related to premium deficiency reserves. The Corporation did consider anticipated investment income when calculating its premium deficiency reserves.

Reclassifications of assets and liabilities: Following the NAIC Accounting Practices and Procedures, several reclassifications of assets and liabilities were implemented during 2002. These include:

- Some investments previously classified as short-term investments were reclassified as common stock on the balance sheet. These investments are mutual funds and under statutory accounting are usually classified as common stock.
 - Premiums received in advance are no longer included in health premiums due and unpaid, thus reflecting the true receivables at the reporting date.
 - A review of other accounts receivable resulted in medically related amounts being reclassified as health care receivables.
 - Amounts due from subsidiaries and employee advances are now classified as non-admitted assets per current statutory guidelines.
 - Inventory is now included with furniture and equipment.
 - An amount for unpaid claims adjustment expenses (CAE) is now included on the balance sheet. Previously, this amount had been included in the amount for general expenses due and accrued.
 - Payroll and fringe benefits due and unpaid were removed from Accounts Withheld or retained for the Account of Others and transferred to either unpaid CAE or general expenses due and unpaid, as appropriate.
 - Deferred compensation and employee severance costs were removed as write-in items on the balance sheet and are now reported in Amounts Withheld or Retained for the Account of Others.
 - Amounts previously included in "Medical Administration" on the income statement have been reclassified. Part of the amount is now reported as claims adjustment expenses. The remaining amount is considered to be hospital and medical expenses and has been allocated into the appropriate four expense lines according to the staff time spent in each area.
 - Medical expenses are reported net of Coordination of Benefits, co-payments and subrogation.
 - Prescription drug expense is reported net of rebates and Medicaid psychotropic revenues.
 - A review of outside referral expense resulted in some amounts being reclassified as other professional services.
-
- Prepaid Post Retirement Benefits amounting to approximately \$1 million in 2001 and reported with Aggregate write-ins for invested assets are now classified with Common Stocks.
 - Premium Deficiency Reserves of \$3,975,935 were reported as Aggregate write-ins of Other Liabilities in 2001, and are now reported as Aggregate Policy Reserves.

NOTES TO FINANCIAL STATEMENTS

21. Events Subsequent

Not applicable

22. Reinsurance

Not applicable

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable

24. Anticipated Salvage and Subrogation

Not applicable

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years has increased \$1,101,665 from \$47,728,559 in 2001 to \$48,830,224 in 2002 as a result of reestimation of unpaid claims and claim adjustment expenses. This increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased when additional information becomes known regarding individual claims.

26. Organization and Operation

The Wellness Plan is organized as an individual professional associations (IPA) model for the provision of health care services to its members. The Plan and the IPA have entered into risk/incentive sharing agreements. The IPA receives a capitation payment each month, and based upon a comparison of actual medical expense to the predetermined criteria, the providers may be required to assume additional risk. Approximately 88% of its enrollment is under the Medicaid Title XIX program and the remaining 12% are employer groups.

27. Minimum Net Worth

Under the laws of the State of Michigan, the Corporation is required to provide a minimum contingency reserve based on a percentage of the Authorized Control Level. At December 31, 2002, the Authorized Control Level was determined at \$9,578,271.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities .....		.0.000		.0.000
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....		.0.000		.0.000
1.22 Issued by U.S. government sponsored agencies .....		.0.000		.0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		.0.000		.0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....		.0.000		.0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		.0.000		.0.000
1.43 Revenue and assessment obligations .....		.0.000		.0.000
1.44 Industrial development and similar obligations .....		.0.000		.0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA .....		.0.000		.0.000
1.512 Issued by FNMA and FHLMC .....		.0.000		.0.000
1.513 Privately issued .....		.0.000		.0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC .....		.0.000		.0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....		.0.000		.0.000
1.523 All other privately issued .....		.0.000		.0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....		.0.000		.0.000
2.2 Unaffiliated foreign securities .....		.0.000		.0.000
2.3 Affiliated securities .....		.0.000		.0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		.0.000		.0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		.0.000		.0.000
3.22 Unaffiliated .....		.0.000		.0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		.0.000		.0.000
3.32 Unaffiliated	2,386,654	7.398	2,386,654	7.511
3.4 Other equity securities:				
3.41 Affiliated .....		.0.000		.0.000
3.42 Unaffiliated .....		.0.000		.0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		.0.000		.0.000
3.52 Unaffiliated .....		.0.000		.0.000
4. Mortgage loans:				
4.1 Construction and land development .....		.0.000		.0.000
4.2 Agricultural .....		.0.000		.0.000
4.3 Single family residential properties .....		.0.000		.0.000
4.4 Multifamily residential properties .....		.0.000		.0.000
4.5 Commercial loans .....		.0.000		.0.000
5. Real estate investments:				
5.1 Property occupied by the company	28,422,937	88.102	28,422,937	89.451
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt) .....		.0.000	.0	.0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt) .....		.0.000	.0	.0.000
6. Policy loans .....		.0.000		.0.000
7. Receivables for securities .....		.0.000	.0	.0.000
8. Cash and short-term investments	424,053	1.314	424,053	1.335
9. Other invested assets	1,027,778	3.186	541,249	1.703
10. Total invested assets	32,261,422	100.000	31,774,893	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] NA []
- 1.3

State Regulating?

Michigan
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2001
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/1997
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

04/15/1999
- 3.4

By what department or departments? Office of Financial and Insurance Services, State of Michigan
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

Yes [] No [X]

4.12 renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

Yes [] No [X]

4.22 renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

(continued)

8.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP, 600 Renaissance Ctr., Ste. 900, Detroit, MI 48243.....
9.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Mercer, 400 Renaissance Ctr, Ste. 1100, Detroit, MI 48243.....
10.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?
- 10.3

Have there been any changes made to any of the trust indentures during the year?
- 10.4

If answer to (10.3) is yes, has the domiciliary or entry state approved the changes?
- Yes []

No []

Yes []

No []

Yes []

No []

NA []

BOARD OF DIRECTORS

11.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes [X]

No []
12.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes [X]

No []
13.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person?.

Yes [X]

No []

FINANCIAL

- 14.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

14.11

To directors or other officers ..

\$.....0

14.12

To stockholders not officers ...

\$.....0

14.13

Trustees, supreme or grand (Fraternal only)

\$.....0
- 14.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

14.21

To directors or other officers ...

\$.....0

14.22

To stockholders not officers

\$.....0

14.23

Trustees, supreme or grand (Fraternal only)

\$.....0
- 15.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement?

Yes []

No [X]
- 15.2

If yes, state the amount thereof at December 31 of the current year:

15.21

Rented from others

\$.....

15.22

Borrowed from others

\$.....

15.23

Leased from others

\$.....

15.24

Other

\$.....
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 16.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes []

No [X]
- 16.2

If answer is yes,

16.21

Amount paid as losses or risk adjustment

\$.....

16.22

Amount paid as expenses

\$.....

16.23

Other amounts paid

\$.....

GENERAL INTERROGATORIES
(continued)
INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited? Yes No [] []	6 Are Dividends Cumulative? Yes No [] []
Preferred					XXX	XXX
Common				XXX	XXX	XXX

18.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes [X] No []

18.2 If no, give full and complete information relating thereto:

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 2 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) Yes [] No [X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21

Loaned to others

\$.....

19.22

Subject to repurchase agreements

\$.....

19.23

Subject to reverse repurchase agreements

\$.....

19.24

Subject to dollar repurchase agreements

\$.....

19.25

Subject to reverse dollar repurchase agreements

\$.....

19.26

Pledged as collateral

\$.....

19.27

Placed under option agreements

\$.....

19.28

Letter stock or other securities restricted as to sale

\$.....

19.29

Other

\$.....13,886,000

19.3 For each category above, if any of these assets are held by others, identify by whom held:

19.31

Bank One Trust Company, N.A.

19.35

19.32

19.36

19.33

19.37

19.34

19.38

19.39

For categories (19.21) and (19.23) above, and for any other securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

21.2. If yes, state the amount thereof at December 31 of the current year. \$.....

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

22.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Comerica.....	Detroit, Michigan.....
Bank One.....	Detroit, Michigan.....

GENERAL INTERROGATORIES
(continued)
INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?..... Yes [] No [X]

22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
DTC2255.....	Clarence Lewis, Jr.....	Bank One, 611 Woodward Ave., Detroit, Mich. 48226.....
DTC2255.....	Richard F. Cipicchio.....	Bank One, 111 Polaris Parkway, Columbus, Ohio 43420.....
DTC2108.....	Randy L. Browning.....	Ccomerica, 411 W. Lafayette, Detroit, MI 48226.....

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....343,737

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$ 0
.....	\$ 0

24.1 Amount of payments for legal expenses, if any?..... \$.....579,710

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Grier and Copeland, 3000 Penobscot Bldg., Detroit, MI 48226.....	\$ 164,858
.....	\$

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$65,000

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Muchmore, Harrington, Smalley, 500 Michigan National Tower, Lansing, MI 48933.....	\$.....65,000

GENERAL INTERROGATORIES

(continued)

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U. S. business only

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

0

1.62

Total incurred claims

\$

0

1.63

Number of covered lives

\$

0

All years prior to most current three years:

1.64

Total premium earned

\$

0

1.65

Total incurred claims

\$

0

1.66

Number of covered lives

\$

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

0

1.72

Total incurred claims

\$

0

1.73

Number of covered lives

\$

0

All years prior to most current three years:

1.74

Total premium earned

\$

0

1.75

Total incurred claims

\$

0

1.76

Number of covered lives

\$

0

2.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

2.2

If yes, give particulars:

3.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes [X] No []

3.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [X] No []

4.1

Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

4.2

If no, explain:

4.3

Maximum retained risk (see instructions)

4.31

Comprehensive Medical

\$

5,000,000

4.32

Medical Only

\$

4.33

Medicare Supplement

\$

4.34

Dental

\$

4.35

Other Limited Benefit Plan

\$

4.36

Other

\$

5.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

6.1

Does the reporting entity set up its claim liability for provider services on a service data base?

Yes [X] No []

6.2

If no, give details:

7.

Provide the following Information regarding participating providers:

7.1

Number of providers at start of reporting year

2,500

7.2

Number of providers at end of reporting year

2,669

8.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

8.2

If yes, direct premium earned:

8.21

Business with rate guarantees between 15-36 months

8.22

Business with rate guarantees over 36 months

9.1

Does the reporting entity have Bonus/Withhold Arrangements in its provider contract?

Yes [X] No []

9.2

If yes:

9.21

Maximum amount payable bonuses

\$0

9.22

Amount actually paid for year bonuses

\$0

9.23

Maximum amount payable withholds

\$528,699

9.24

Amount actually paid for year withholds

\$0

10.

List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
State of Michigan

31

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	45,955,239	74,201,337	79,455,321	88,596,628	113,388,382
2. Total liabilities (Page 3, Line 18)	42,728,075	62,522,989	67,415,861	72,856,557	74,158,111
3. Statutory surplus	9,578,271	0	0	0	0
4. Total capital and surplus (Page 3, Line 26)	3,227,164	11,678,348	12,039,460	15,740,071	39,230,271
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	234,140,772	251,578,503	241,089,648	226,174,451	238,992,371
6. Total medical and hospital expenses (Line 17)	218,466,040	216,053,917	214,794,275	213,199,854	204,576,364
7. Total administrative expenses (Line 19)	24,874,177	29,599,001	32,710,823	36,784,581	38,466,256
8. Net underwriting gain (loss) (Line 22)	(9,126,438)	(1,989,489)	(11,129,779)	(23,809,984)	(4,050,249)
9. Net investment gain (loss) (Line 25)	1,189,578	2,026,104	2,295,639	2,167,597	5,400,586
10. Total other income (Lines 26 plus 27)	0	(397,726)	5,133,528	981,770	1,333,445
11. Net income (loss) (Line 30)	(7,936,860)	(361,111)	(3,700,612)	(23,809,984)	(9,836,744)
RISK - BASED CAPITAL ANALYSIS					
12. Total adjusted capital	3,227,164	11,678,348	12,039,460	15,982,839	39,230,271
13. Authorized control level risk-based capital	9,578,271	8,819,788	9,105,698	7,962,894	8,048,992
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	118,685	134,548	134,123	141,518	143,266
15. Total member months (Column 6, Line 7)	1,530,915	1,596,772	1,662,272	1,653,996	1,790,602
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Line 2, 3 and 5)					
16. Premiums earned (Line 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	93.3	87.0	89.8	95.3	87.6
18. Total underwriting deductions (Line 21)	103.9	102.1	105.4	112.5	104.8
19. Total underwriting gain (loss) (Line 22)	(3.9)	(0.8)	(4.7)	(10.7)	(1.7)
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	48,830,224	58,015,682	41,419,775	57,489,777	42,192,825
21. Estimated liability of unpaid claims – [prior year (Line 11, Col. 6)]	47,728,559	56,585,235	35,775,433	27,617,333	38,091,124

FIVE-YEAR HISTORICAL DATA (Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
26. Affiliated mortgage loans on real estate		0	0	0	0
27. All other affiliated		0	0	0	0
28. Total of above Lines 22 to 27	0	0	0	0	0

Cells in Line 11, Columns 4 and 5 were overridden to reflect the amounts as reported on the 12/31/01 statement per the second revision filed July 16, 2002.

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	0	0	0	0
	2. Canada	0	0	0	0
	3. Other Countries	0	0	0	0
	4. Totals	0	0	0	0
States, Territories and Possessions (Direct and guaranteed)	5. United States	0	0	0	0
	6. Canada	0	0	0	0
	7. Other Countries	0	0	0	0
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	0	0	0	0
	10. Canada	0	0	0	0
	11. Other Countries	0	0	0	0
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	0	0	0	0
	14. Canada	0	0	0	0
	15. Other Countries	0	0	0	0
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States	0	0	0	0
	18. Canada	0	0	0	0
	19. Other Countries	0	0	0	0
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	0	0	0	0
	22. Canada	0	0	0	0
	23. Other Countries	0	0	0	0
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	0	0	0	0
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States	0	0	0	
	28. Canada	0	0	0	
	29. Other Countries	0	0	0	
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	0	0	0	
	32. Canada	0	0	0	
	33. Other Countries	0	0	0	
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States	0	0	0	
	36. Canada	0	0	0	
	37. Other Countries	0	0	0	
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States	0	0	0	
	42. Canada	0	0	0	
	43. Other Countries	0	0	0	
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	0	0	0	
	46. Canada	0	0	0	
	47. Other Countries	0	0	0	
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States	9,828,328	9,828,328	9,827,389	
	50. Canada	0	0	0	
	51. Other Countries	0	0	0	
	52. Totals	9,828,328	9,828,328	9,827,389	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	9,828,328	9,828,328	9,827,389	
	55. Total Stocks	9,828,328	9,828,328	9,827,389	
	56. Total Bonds and Stocks	9,828,328	9,828,328	9,827,389	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	0	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3	9,827,389	6.1 Column 17, Part 1	0
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Sec. 1	0
3.1 Column 16, Part 1	0	6.3 Column 11, Part 2, Sec. 2	0
3.2 Column 12, Part 2, Sec. 1	0	6.4 Column 11, Part 4	0
3.3 Column 10, Part 2, Sec. 2	939	7. Book/adjusted carrying value at end of current period	9,828,328
3.4 Column 10, Part 4	0	8. Total valuation allowance	
4. Total gain (loss), Col. 14, Part 4	0	9. Subtotal (Lines 7 plus 8)	9,828,328
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4	0	10. Total nonadmitted amounts	
		11. Statement value of bonds and stocks, current period	9,828,328

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only			
			3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR					
5. California	CA					
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL					
11. Georgia	GA					
12. Hawaii	HI					
13. Idaho	ID					
14. Illinois	IL					
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA					
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI	No	25,401,658		206,850,352	1,955,460
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri	MO					
27. Montana	MT					
28. Nebraska	NE					
29. Nevada	NV					
30. New Hampshire	NH					
31. New Jersey	NJ					
32. New Mexico	NM					
33. New York	NY					
34. North Carolina	NC					
35. North Dakota	ND					
36. Ohio	OH					
37. Oklahoma	OK					
38. Oregon	OR					
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN					
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA					
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR					
55. U.S. Virgin Islands	VI					
56. Canada	CN					
57. Aggregate other alien	OT	XXX	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	25,401,658	0	206,850,352	1,955,460
DETAILS OF WRITE-INS						
5701.						
5702.						
5703.						
5798. Summary of remaining write-ins for Line 57 from overflow page			0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)			0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.:

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

THE WELLNESS PLAN (NAIC Code) FIN

